

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2649 - SB 2804

February 21, 2020

SUMMARY OF BILL: Prohibits a public institution of higher education (institution) from: (1) preventing a student athlete from earning compensation as a result of the use of the student athlete's name, image, or likeness; (2) preventing a student athlete from obtaining professional representation in relation to contracts or legal matters; (3) entering into a contract that prevents a student athlete from using the student athlete's name, image, or likeness when the student athlete is not engaged in official activities associated with the institution or an institution's athletic team; (4) providing a prospective student athlete with compensation in relation to the student athlete's name, image, or likeness; and (5) punishing a student athlete for failure to disclose a contract the student athlete entered into that provides compensation to the student athlete for the use of the student athlete's name, image, or likeness.

Prohibits a student athlete from entering into a contract if a provision of the contract is in conflict with a provision of the student athlete's team contract. Requires a student athlete who enters into a contract to disclose the contract to an official of the institution at which the student athlete participates in intercollegiate athletics.

Requires institutions to disclose, to the student athlete or the student athlete's agent or legal representative, any discovered conflicts between a student athlete's contract and the student athlete's team contract.

Stipulates that earning compensation from the use of a student athlete's name, image, or likeness shall not affect a student athlete's scholarship eligibility at an institution.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Approximately \$45,000,000 in recurring funding for the University of Tennessee Knoxville may be jeopardized, beginning in FY20-21, due to noncompliance with current National Collegiate Athletic Association's (NCAA) regulations. The total amount that may be jeopardized for the other two University of Tennessee (UT) institutions and the Locally Governed Institutions (LGIs) is reasonably estimated to exceed \$10,000,000 per year. In addition, there may be a recurring decrease in state revenue for UT institutions and LGIs if institutions are unable to compete in certain athletic events resulting in additional losses to ticket sales, merchandise sales, donations, and licensing agreements. Any loss of funding for UT or the LGIs is dependent upon future action by the NCAA.

Assumptions:

- Pursuant to Article 12 of the current National Collegiate Athletic Association (NCAA) bylaws, a student athlete is prohibited from being compensated for use of his or her name, image, or likeness, and from being represented by a sports agent. Certain exceptions are provided.
- On October 29, 2019, the NCAA's Board of Governors voted to permit students participating in athletics the opportunity to benefit from the use of their name, image, and likeness in a manner consistent with the collegiate model.
- Each of the NCAA's three divisions has been directed to update relevant bylaws and policies by January, 2021. (<http://www.ncaa.org/about/resources/media-center/news/board-governors-starts-process-enhance-name-image-and-likeness-opportunities>). To date, no update to relevant bylaws or policies has occurred.
- Passage of the proposed legislation may put each institution in direct violation of the NCAA rules and regulations which could jeopardize funding to each institution.
- Based on information provided by the University of Tennessee (UT), the total amount of annual Southeastern Conference funding for UT Knoxville is approximately \$45,000,000.
- The total amount that may be jeopardized for the other two UT institutions and the locally-governed institutions (LGIs) for noncompliance with NCAA regulations is reasonably estimated to exceed \$10,000,000 per year.
- There may be an additional decrease in state revenue for UT institutions and LGIs if institutions are unable to compete in certain athletic events, resulting in significant losses to ticket sales, merchandise sales, donations, and licensing agreements.
- Any loss in funding for UT or the LGIs is dependent upon future action by the NCAA.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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